

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 AID-05 /076 W

----- 081205

R 151509Z AUG 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3832

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L LONDON 12640

E.O. 11652: GDS

TAGS: UK, PINT

SUBJECT: TUC SUPPORT FOR GOVERNMENT'S INCOMES POLICY

1. DURING A ONE-HOUR MEETING WITH AMBASSADOR AUGUST 14, TUC GENERAL SECRETARY LEN MURRAY EXPRESSED CONFIDENCE THAT GOVERNMENT'S INCOMES POLICY WOULD ENJOY BROAD TRADE UNION SUPPORT FOR AT LEAST NEXT NINE MONTHS OR SO. HE EXPECTS TUC ANNUAL CONFERENCE EARLY SEPTEMBER TO ENDORSE GOVERNMENT'S POLICY BY A MARGIN OF THREE TO ONE OR BETTER.

2. HE RECOGNIZED THAT THE ECONOMY WAS IN FOR A "BRUISING" PERIOD, THAT PRICES WOULD CONTINUE TO RISE FOR SOME TIME DESPITE WAGE RESTRAINT, AND THAT THE TUC WOULD HAVE TO
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IMPRESS ON RANK-AND-FILE THAT SACRIFICE WAS REQUIRED IN

THEIR OWN LONG-TERM BEST INTERESTS. SPEAKING PERSONALLY, HE THOUGHT THAT APPEAL TO ENLIGHTENED SELF-INTEREST OF WORKERS WAS SOUNDER APPROACH THAN EMPHASIS BY SOME (SUCH AS JACK JONES) ON IMPORTANCE OF STANDING BY A LABOR GOVERNMENT. LATTER APPROACH RAN RISK OF INDUCING LABOR GOVERNMENT TO TAKE TRADE UNION SUPPORT FOR GRANTED.

3. MURRAY FORESEES NEXT CRUNCH COMING LATE SPRING 1976. IF, BY THEN, GOVERNMENT WAS SEEN TO BE MAKING SATISFACTORY PROGRESS TOWARDS BRINGING INFLATION DOWN AND IF RISING UNEMPLOYMENT HAD PEAKED, THEN CHANCES OF RENEWED TRADE UNION SUPPORT FOR GOVERNMENT'S ANTI-INFLATION PROGRAM WERE GOOD. IF, HOWEVER, UNEMPLOYMENT WERE STILL RISING, TRADE UNION OPPONENTS OF COOPERATION WITH GOVERNMENT WOULD RALLY ON THAT ISSUE AND COULD CAUSE REAL PROBLEMS. IN THIS REGARD, HE ACKNOWLEDGED THAT SUCCESS IN BRINGING DOWN UNEMPLOYMENT WAS NOT ENTIRELY WITHIN GOVERNMENT'S CONTROL, BUT DEPENDED IN LARGE MEASURE ON EXTENT TO WHICH US, FRG, AND OTHER ECONOMIES REVIVE.

4. COMMENT: MURRAY'S RELUCTANCE TO PREDICT WHOLEHEARTED TUC SUPPORT FOR GOVERNMENT'S INCOMES POLICY BEYOND NINE MONTHS IS UNDOUBTEDLY PRUDENT. BUT FOR A PRIME MINISTER WHO THRIVES ON IMPROVISATION AND SHORT-RUN EXPEDIENTS, NINE MONTHS OF GRACE MUST SEEM LIKE A BLESSEDLY LONG TIME INDEED.

RICHARDSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, LABOR UNIONS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON12640
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750282-1261
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750849/aaaabqsc.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by CunninFX>; APPROVED <06 OCT 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TUC SUPPORT FOR GOVERNMENT'S INCOMES POLICY
TAGS: PINT, UK, TUC, (MURRAY, LEN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006